

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 6744

BILL NUMBER: HB 1261

NOTE PREPARED: Mar 8, 2010

BILL AMENDED: Mar 5, 2010

SUBJECT: Renewable Energy.

FIRST AUTHOR: Rep. Friend

FIRST SPONSOR: Sen. Stutzman

BILL STATUS: Enrolled

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill changes the name of the E85 Fueling Station Grant Fund to the Agricultural Biomass Infrastructure Grant Fund. The bill authorizes the Department of Agriculture to award grants from the Agricultural Biomass Infrastructure Grant Fund for certain infrastructure used for the production or distribution of biofuels (fuels produced from biomass). It provides that grants for biofuels projects may be awarded for infrastructure expenses incurred after December 31, 2009. The amount of a grant for certain infrastructure used for the production or distribution of biofuels may not exceed the lesser of (1) 50% of the recipient's qualified investment; or (2) \$100,000.

In the list of organic matter considered organic waste biomass for purposes of the definition of "renewable energy resources" in the utility generation and clean coal technology financial incentives statute (incentives statute), the bill adds animal byproducts and algae and deletes organic waste from clean construction and demolition. The bill provides that "biomass" as defined under the grant program applies in the directive to the Indiana State Department of Agriculture to administer economic development efforts for agriculture by facilitating the use of biomass. It adds certain definitions for purposes of the grant program, including a definition of "biomass" as agriculturally based sources of renewable energy (excluding waste from construction and demolition). The bill changes the definition of "qualified investment".

The bill makes related changes.

Effective Date: January 1, 2010 (retroactive); January 1, 2011.

Explanation of State Expenditures: The provisions of the bill will allow the ISDA to use money in the existing E85 Fueling Station Grant Fund to award competitive grants for infrastructure projects that use

renewable energy systems to produce or distribute biofuels from agricultural-based biomass. The bill does not contain an additional appropriation. It will require no new funding.

The ISDA will need to create guidelines and increase awareness of the new grants. The bill's requirements are within the ISDA's routine administrative functions.

As of December 2009, the existing E85 Fueling Station Grant Fund had a balance of \$647,723.

ISDA was allotted \$1M to administer the E85 Fueling Station Grant Fund program. ISDA has been awarding grants and investing the unused funds. The grants may be awarded for infrastructure expenses incurred after December 31, 2009.

Background. The ISDA and the Office of Energy Development administer the E85 Fueling Station Grant Program, which received funding from the state General Fund. Grant amounts are available up to a maximum of \$20,000 for E85 infrastructure. Grants awarded in 2008 and 2009 are listed below.

2008 Biofuels Grant Program			
Recipient	County	Award Date	Award Amount
Lassus Brothers Oil, Inc.	Huntington	3/4/2008	\$5,000
Crystal Flash Petroleum, LLC	Hamilton	5/8/2008	\$5,000
Thorntons, Inc.	Johnson	8/18/2008	\$20,000
National Oil & Gas	Allen	8/18/2008	\$18,000
Family Express Corp.	Porter	8/18/2008	\$20,000
Ethy Pump-n-Go	Jay	8/28/2008	\$20,000
Family Express Corp.	LaPorte	9/13/2008	\$20,000
Crystal Flash Petroleum, LLC	Marion	9/13/2008	\$7,850
Thorntons, Inc.	Clark	9/17/2008	\$20,000
TOTAL			\$135,850

2009 Biofuels Grant Program			
Recipient	County	Award Date	Award Amount
Family Express Corp.	Boone	6/19/09	\$ 14,000
Family Express Corp.	Porter	8/5/09	\$ 20,000
Family Express Corp.	Porter	8/5/09	\$ 20,000
City of Anderson	Madison	5/4/09	\$ 20,000
Gooch Brother's Citgo North	Clay	4/14/09	\$ 19,150
Family Express Corp.	La Porte	4/23/09	\$ 7,550
Gas America Services, Inc.	Hamilton	4/14/09	\$ 20,000
Gas America Services, Inc.	Hancock	4/14/09	\$ 20,000
Gas America Services, Inc.	Madison	4/14/09	\$ 20,000
Gas America Services, Inc.	Hendricks	4/14/09	\$ 20,000
FKG Oil company	Vanderburgh	8/19/09	\$ 20,000
National BioFuels Distribution	Marion	7/23/09	\$ 20,000
Spence/Banks Oil	Vigo	N/A	\$ 9,570
Family Express Corp.	Porter	12/9/09	\$ 20,000
North Central Co-op LLP.	Cass	12/9/09	\$ 20,000
TOTAL			\$270,270

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: ISDA

Local Agencies Affected:

Information Sources: Sarah Ash Simpson, JD, Director of Regulatory Affairs, ISDA, 101 W. Ohio Street, Suite 1200, Indianapolis, IN 46204, (317) 460 - 6380, sasimpson@isda.in.gov; Amy Eizinger-Ott, Administrative Officer & Grants Coordinator, ISDA.

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